

**SUPERIOR COURT OF RHODE ISLAND
COURT STENOGRAPHERS ACCOUNT
AGENCY FUND
FEBRUARY 2001**

**DEPARTMENT OF ADMINISTRATION
BUREAU OF AUDITS
ONE CAPITOL HILL
PROVIDENCE, RI 02908-5889**



STATE OF RHODE ISLAND AND PROVIDENCE PLANTATIONS

Department of Administration
BUREAU OF AUDITS
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Superior Court of Rhode Island

Court Stenographers Account

AGENCY FUND

Fiscal Year Ended June 30, 1999

EXECUTIVE SUMMARY

Our previous audit report, dated July 1997, cited 5 recommendations. To date, one recommendation has been implemented and another partially implemented.

Our audit for the fiscal year ended June 30, 1999 disclosed the following areas for management's consideration:

- A concerted effort must be made by court administrators to automate the present accounting system.
- Monthly reconciliations between subsidiary account details and the cash balance on deposit should be performed to verify the accuracy of recorded transactions.

SUPERIOR COURT OF RHODE ISLAND
COURT STENOGRAPHERS ACCOUNT
AGENCY FUND
JUNE 30, 1999

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February 14, 2001


Honorable Joseph F. Rodgers, Jr.
Presiding Justice of the Superior Court
250 Benefit Street
Providence, RI 02903

Dear Judge Rodgers:

We have completed an audit of the Superior Court, Stenographers Account in accordance with Sections 35-7-3 and 35-7-4 of the R.I. General Laws.

The findings and recommendations included herein have been discussed with management, and we have considered their comments in the preparation of our report. Section 35-7-4 of the General Laws requires the director of the department audited to respond in writing within 60 days to all recommendations made by the Bureau of Audits.

Sincerely,


Stephen M. Cooper, CFE, CGFM
Chief, Bureau of Audits

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SUPERIOR COURT OF RHODE ISLAND
COURT STENOGRAPHERS ACCOUNT
AGENCY FUND

INTRODUCTION

Scope and Objectives

We have conducted an audit of the operating practices and procedures for the fiscal year ended June 30, 1999 and an audit of the financial records for the Superior Courts Stenographers Account for the fiscal year ended June 30, 1999.

The purpose of our audit was to determine that:

- The Court Stenographers Account is operating in compliance with applicable state laws and established rules and regulations.
- Current operating procedures are being conducted in an economical and efficient manner.
- The accounting system and procedures being used are adequate, efficient, and effective.
- The financial statements for the Court Stenographers Account for the fiscal year ended June 30, 1999 are presented fairly.

Background

Financial transactions for the Court Stenographers Account are accounted for in an agency account held in the custody of the Superior Court Administrator. The purpose of this account is to collect fees from parties requesting a transcript of court records and to disburse the monies to the stenographers who perform the services.

The amounts paid to stenographers for transcription services is in addition to wages paid to them by the State of Rhode Island for their stenographic services in the courtroom. There are presently twenty-seven court stenographers employed by the Superior Court.

Under the present system, when a request for a court transcript is received an estimate of the stenographic fee is determined and the requesting party is required to make an advance payment (\$3.00 per page) to the Superior Court Administrator's Office. After the receipt of payment, the administrator assigns the transcription work to a stenographer for completion. Upon completion of the transcript, the stenographer is paid through the state's payroll system.

All excess fees received are refunded to the respective parties that originated the request.



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Honorable Joseph F. Rodgers, Jr.
Presiding Justice of the Superior Court
State of Rhode Island

Dear Judge Rodgers:

We have audited the accompanying balance sheet and statement of cash receipts and disbursements of the Superior Court of Rhode Island, Court Stenographers Account as of and for the year ended June 30, 1999. These financial statements are the responsibility of the court's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with *Standards for the Professional Practice of Internal Auditing* issued by the *Institute of Internal Auditors*. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Superior Court of Rhode Island, Court Stenographers Account at June 30, 1999, and the cash receipts and disbursements for the year then ended in conformity with generally accepted accounting principles.

Sincerely,

Stephen M. Cooper, CFE, CGFM
Chief, Bureau of Audits
March 29, 2000

EXHIBIT A

SUPERIOR COURT OF RHODE ISLAND
COURT STENOGRAPHERS ACCOUNT
BALANCE SHEET
June 30, 1999

Assets

Cash	\$ <u>58,431.70</u>
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Liabilities

Advance Collections	56,292.50
Due to Others	<u>2,139.20</u>

Total Liabilities	\$ <u>58,431.70</u>
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See accompanying notes to financial statements.

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EXHIBIT B

SUPERIOR COURT OF RHODE ISLAND
COURT STENOGRAPHERS ACCOUNT
STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS
FISCAL YEAR ENDED JUNE 30, 1999

Cash Receipts

Transcription Fees	\$ <u>112,533.50</u>
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Cash Disbursements

Payments to Stenographers	62,973.50
Refunds	19,235.50
Escheatments - General Treasurer	<u>1,047.00</u>

Total Cash Disbursements	<u>83,256.00</u>
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Excess of Cash Receipts Over Cash Disbursements	29,277.50
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Cash Balance, July 1, 1998	<u>29,154.20</u>
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Cash Balance, June 30, 1999	\$ <u><u>58,431.70</u></u>
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See accompanying notes to financial statements.

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SUPERIOR COURT OF RHODE ISLAND
COURT STENOGRAPHERS ACCOUNT
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NOTES TO FINANCIAL STATEMENTS

Note 1 - Significant Accounting Policies

Fund Accounting

The accounts in the custody of the Superior Court Administrator are organized on the basis of funds, each of which is considered to be a separate accounting entity. Only the Court Stenographers Account is presented in the accompanying financial statements. A description of this fund type follows:

Agency Funds - Agency funds are used to account for the assets held by the Court Administrator as an agent for stenographers, attorneys, and the general fund.

Basis of Accounting

The financial statements are presented on the modified accrual basis of accounting as prescribed by generally accepted accounting principles. Agency Funds are custodial in nature and, accordingly, at any given point in time, total assets are equally offset by related liabilities.

Note 2 - Advance Collections

Transcript requests are accompanied by an estimated advance payment (\$3.00 per page multiplied by the estimated number of pages), and are reported as liabilities prior to the completion of individual transcript requests.

Note 3 - Due to Others

The balance of this account represents a liability to individuals and/or others. The identification of specific payees and the respective amounts owed to each of them has not been determined.

SUPERIOR COURT OF RHODE ISLAND
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FINDINGS AND RECOMMENDATIONS

STATUS OF PRIOR AUDIT RECOMMENDATIONS

The following audit recommendations were identified in the report prepared by the Bureau of Audits for the fiscal year ended June 30, 1996.

Stale-Dated Checks

1. Checks which remain outstanding for a period of six months should be voided, and the total of such checks should be escheated to the General Treasurer.

Implemented.

Cash Disbursements Journal

2. Consideration should be given to implementing an automated accounting system to process all checks issued and to provide summary account data for transactions processed.

Not implemented. (See Recommendation 2.)

Subsidiary Ledger Accounts

3. A subsidiary ledger should be maintained to identify and account for all receipts and disbursements.

Not implemented. (See Recommendation 2.)

4. Monthly reconciliations of subsidiary ledger details should be performed to determine the accuracy of recorded transactions.

Not implemented. (See Recommendation 2.)

5. The Court Administrator should consider the benefits that could be achieved through the implementation of an automated accounting system.

Partially implemented. (See Recommendation 2.)

SUPERIOR COURT OF RHODE ISLAND
COURT STENOGRAPHERS ACCOUNT
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CURRENT YEAR FINDINGS AND RECOMMENDATIONS

Accounting System

As mentioned in our previous audit, the Court Administrator's Office uses a one-write system to record and maintain all cash disbursements for the Stenographers Account. Although the system appears to be functioning properly, additional data is needed to facilitate the audit process, classify checks issued, and to provide subsidiary details pertaining to liabilities for advance payments received.

Recommendation

1. A concerted effort must be made by court administrators to automate the present accounting system.

Subsidiary Ledger Accounts

Records maintained by the Court Administrator's Office do not provide adequate data to identify attorneys or other individuals that are owed refunds for overpayments held by the court. Also, the cash balance held on deposit is not reconciled to available subsidiary detail to determine the accuracy of recorded transactions.

Recommendation

2. Monthly reconciliations between subsidiary account details and the cash balance on deposit should be performed to verify the accuracy of recorded transactions.